

CITY OF ASHLAND, KANSAS

**FINANCIAL STATEMENT
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2012**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Ashland, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Ashland, Kansas as of and for the year ended December 31, 2012 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note A to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note A, the financial statement is prepared by the City of Ashland, Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Ashland, Kansas as of December 31, 2012, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of the City of Ashland, Kansas as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note A.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures, schedule of regulatory basis receipts and disbursements – agency funds (Schedules 1, 2, and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note A.

The 2011 Actual columns presented in the individual fund schedules of cash receipts and expenditures-actual and budget, (Schedule 2 as listed in the table of contents) upon which we rendered an unqualified opinion dated August 20, 2012 are also presented for comparative analysis and are not a required part of the 2012 financial statement. The 2011 financial statements and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration, Office of Management and Analysis and Standards at the following link <http://da.ks.gov/ar/muniserv/>. Such 2011 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 financial statements. The 2011 comparative information was subjected to the auditing procedures applied in the audit of the 2011 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2011 financial statements or to the 2011 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2011 comparative information is fairly stated in all material respects in relation to the 2011 financial statements as a whole.

Kennedy McKee & Company LLP

September 5, 2013

CITY OF ASHLAND, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
REGULATORY BASIS

For the Year Ended December 31, 2012

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Prior year canceled encumbrances</u>
General fund:		
General	<u>\$ 17,322</u>	<u>\$ -</u>
Special purpose funds:		
Library	3,501	-
Special trafficway	6,778	-
Special parks and recreation	5,406	-
Special equipment	132,743	-
City Park improvement	10,416	-
George Theis, Jr. Memorial	<u>773</u>	<u>-</u>
	<u>159,617</u>	<u>-</u>
Business funds:		
Water utility	138,985	-
Electric utility	515,768	-
Sewer utility	63,630	-
Water equipment reserve	11,641	-
Electric reserve	<u>223,000</u>	<u>-</u>
	<u>953,024</u>	<u>-</u>
Total - excluding agency funds	<u><u>\$ 1,129,963</u></u>	<u><u>\$ -</u></u>
Composition of cash balance:		
Checking accounts		
Petty cash		
Certificates of deposit		
Cash with County Treasurer		
Total cash		
Agency funds		
Total cash - excluding agency funds		

The notes to the financial statement are an integral part of this statement.

<u>Receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add outstanding encumbrances and accounts payable</u>	<u>Ending cash balance</u>
<u>\$ 396,311</u>	<u>\$ 388,953</u>	<u>\$ 24,680</u>	<u>\$ 1,682</u>	<u>\$ 26,362</u>
16,627	17,062	3,066	-	3,066
22,094	25,987	2,885	-	2,885
788	-	6,194	-	6,194
10,000	27,406	115,337	-	115,337
51,944	19,049	43,311	-	43,311
-	23	750	-	750
<u>101,453</u>	<u>89,527</u>	<u>171,543</u>	<u>-</u>	<u>171,543</u>
226,574	195,705	169,854	15	169,869
1,259,184	1,269,947	505,005	541	505,546
89,483	109,467	43,646	-	43,646
80,000	-	91,641	-	91,641
-	-	223,000	-	223,000
<u>1,655,241</u>	<u>1,575,119</u>	<u>1,033,146</u>	<u>556</u>	<u>1,033,702</u>
<u><u>\$ 2,153,005</u></u>	<u><u>\$ 2,053,599</u></u>	<u><u>\$ 1,229,369</u></u>	<u><u>\$ 2,238</u></u>	<u><u>\$ 1,231,607</u></u>
				\$ 442,653
				350
				807,892
				<u>4,762</u>
				1,255,657
				<u>(24,050)</u>
				<u><u>\$ 1,231,607</u></u>

CITY OF ASHLAND, KANSAS

NOTES TO FINANCIAL STATEMENT

December 31, 2012

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statement is presented to assist in understanding the City's financial statement. The financial statement and notes are representations of the City's management, which is responsible for their integrity and objectivity.

1. Municipal Financial Reporting Entity

The City of Ashland is a municipal corporation governed by an elected mayor and five-member council. This financial statement presents the City of Ashland (the municipality). The Ashland City Library, a related municipal entity, has not been included in the City's reporting entity.

2. Basis of Presentation – Fund Accounting

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the City for the year ended December 31, 2012:

REGULATORY BASIS FUND TYPES

General fund - the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose fund – used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Business fund – funds financed in whole or in part by fees charged to users of the goods or services.

Agency fund – used to report assets held by the municipal reporting entity in a purely custodial capacity.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

4. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary Information (Continued)

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for the George Theis, Jr. Memorial, the Special Equipment, and the City Park Improvement special purpose funds, agency funds or the utility reserve funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

B. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds to have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Custodial credit risk - deposits. Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2012.

At December 31, 2012 the carrying amount of the City's deposits was \$1,250,545 and the bank balance was \$1,286,894. Of the bank balance, \$500,256 was covered by federal depository insurance, and \$786,638 was collateralized with securities held by the pledging financial institutions agents in the City's name.

C. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2012, were as follows:

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance end of year</u>	<u>Interest and service fees paid</u>
General obligation:					
General obligation bonds					
Issued January 27, 2011					
In the amount of \$250,000					
At interest rates of .9% to 2%					
Maturing November 1, 2015	\$ 200,000	\$ -	\$ 50,000	\$ 150,000	\$ 3,450
Kansas Water Pollution					
Control Revolving Loan					
Issued April 29, 1994					
In the amount of \$609,514					
At interest rate of 3.43%					
Maturing September 1, 2014	126,852	-	40,855	85,997	4,004
Total long-term debt	<u>\$ 326,852</u>	<u>\$ -</u>	<u>\$ 90,855</u>	<u>\$ 235,997</u>	<u>\$ 7,454</u>

Current maturities of general obligation bonds and loans and interest through maturity are as follows:

	<u>Principal due</u>	<u>Interest and service fees due</u>	<u>Total due</u>
2013	\$ 92,431	\$ 5,600	\$ 98,031
2014	93,566	3,132	96,698
2015	<u>50,000</u>	<u>1,000</u>	<u>51,000</u>
Total	<u>\$ 235,997</u>	<u>\$ 9,732</u>	<u>\$ 245,729</u>

D. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Statutory authority</u>
Electric utility	General	\$ 130,000	K.S.A. 12-825d
Electric utility	Water equipment reserve	30,000	K.S.A. 12-825d
Electric utility	Special equipment	10,000	K.S.A. 12-825d
Water utility	Water equipment reserve	<u>50,000</u>	K.S.A. 12-825d
		<u>\$ 220,000</u>	

E. PENSION COSTS AND EMPLOYEE BENEFITS

1. Defined Benefit Pension Plan

Plan description. The City of Ashland, Kansas, contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603), at the following website: <http://www.kpers.org/annualreport2012.pdf> or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 and 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July, 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The City's employer contributions to KPERS for the years ending December 31, 2012, 2011, and 2010 were \$26,753, \$26,004 and \$23,331, respectively, equal to the required contributions for each year.

2. Other Employee Benefits

Vacation leave – Ten working days per year are allowed as vacation leave to regular full time City employees after one year of service. This increases to fifteen vacation days after ten years of service. If not used by year-end, these days are lost.

Sick leave – Sick leave for regular full time employees is earned at a rate of one-half day per month and may accrue up to a maximum of thirty days. Unused sick leave will not be paid upon termination or resignation.

3. Other Post Employment Benefits.

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in the financial statement. This year the City had no retirees participating in the group health insurance plan.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

F. RELATED PARTY TRANSACTIONS

The City paid approximately \$46,000 in insurance premiums during the year to an insurance company of which two City Council members are officers.

G. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical needs of employees. The City purchases commercial insurance to cover health, property, liability, and worker's compensation claims. There has been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

H. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 5, 2013, the date on which the financial statement was available to be used. Management's evaluation concluded that there are two subsequent events that are required to be recognized or disclosed in the financial statement:

- The City entered into a lease purchase agreement in May, 2013 for catalytic converters at the electric plant totaling \$380,225. Annual lease payments totaling \$397,465 will be made from 2013 through 2018 from the Electric fund.
- An engine at the electrical plant failed in February, 2013. The cost to bring the engine back into service is unknown as of September 5, 2013, but could be substantial.

**REGULATORY REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF ASHLAND, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2012

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustment for qualifying budget credits</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
General fund	\$ 421,925	\$ -	\$ 421,925	\$ 388,953	\$ 32,972
Special purpose funds:					
Library	17,680	-	17,680	17,062	618
Special trafficway	29,500	-	29,500	25,987	3,513
Special parks and recreation	6,000	-	6,000	-	6,000
Business funds:					
Water utility	223,450	-	223,450	195,705	27,745
Electric utility	1,690,000	-	1,690,000	1,269,947	420,053
Sewer utility	109,832	-	109,832	109,467	365
Total	<u>\$ 2,498,387</u>	<u>\$ -</u>	<u>\$ 2,498,387</u>	<u>\$ 2,007,121</u>	<u>\$ 491,266</u>

See Independent Auditor's Report

CITY OF ASHLAND, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

		2012		Variance
	2011	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 145,779	\$ 150,072	\$ 155,525	\$ (5,453)
Delinquent tax	9,134	-	763	(763)
Motor vehicle tax	41,786	45,222	45,986	(764)
Recreational vehicle tax	615	596	734	(138)
16/20M truck tax	112	168	105	63
Local alcoholic liquor	881	789	919	(130)
Interconnecting links	12,804	12,813	12,795	18
Licenses, fees, fines and permits:				
Franchise fees	15,378	14,048	17,000	(2,952)
Fines	127	123	200	(77)
Licenses and permits	610	300	500	(200)
Charges for services:				
Cemetery	3,659	2,751	2,000	751
Swimming pool	4,432	4,079	4,000	79
Use of money and property:				
Farm income	8,000	6,314	8,000	(1,686)
Airport receipts	22,487	18,712	15,000	3,712
Miscellaneous	8,318	10,324	5,000	5,324
Transfer from electric utility	107,500	130,000	130,000	-
Total cash receipts	381,622	396,311	\$ 398,527	\$ (2,216)
Expenditures:				
General government:				
General operations	126,673	121,704	\$ 130,000	\$ 8,296
Cemetery	18,477	10,937	19,000	8,063
Employee benefits	37,090	38,579	42,000	3,421
Neighborhood revitalization rebate	-	-	2,425	2,425
Nuisance abatement	147	1	5,000	4,999
Subtotal	182,387	171,221	198,425	27,204
Public safety:				
Fire department	11,870	14,862	15,000	138

CITY OF ASHLAND, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS (CONTINUED)

For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Highways and streets:				
Streets and alleys	\$ 168,412	\$ 147,937	\$ 160,000	\$ 12,063
Spraying	-	-	1,000	1,000
Subtotal	168,412	147,937	161,000	13,063
Culture and recreation:				
Park department	4,157	4,814	4,500	(314)
Swimming pool	29,065	30,429	25,000	(5,429)
Airport	22,179	19,690	18,000	(1,690)
Subtotal	55,401	54,933	47,500	(7,433)
Total expenditures	418,070	388,953	\$ 421,925	\$ 32,972
Receipts over (under) expenditures	(36,448)	7,358		
Unencumbered cash, beginning of year	53,770	17,322	\$ 23,398	\$ (6,076)
Unencumbered cash, end of year	\$ 17,322	\$ 24,680		

See Independent Auditor's Report

CITY OF ASHLAND, KANSAS

LIBRARY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

		2012		Variance
	2011	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Taxes:				
Ad valorem property tax	\$ 12,405	\$ 12,664	\$ 13,122	\$ (458)
Delinquent tax	807	-	62	(62)
Motor vehicle tax	3,750	3,897	3,913	(16)
Recreational vehicle tax	55	51	63	(12)
16/20M truck tax	10	15	9	6
Total cash receipts	17,027	16,627	\$ 17,169	\$ (542)
Expenditures:				
Neighborhood revitalization rebate	-	-	\$ 205	\$ 205
Library appropriation	15,811	17,062	17,475	413
Total expenditures	15,811	17,062	\$ 17,680	\$ 618
Receipts over (under) expenditures	1,216	(435)		
Unencumbered cash, beginning of year	2,285	3,501	\$ 511	\$ 2,990
Unencumbered cash, end of year	\$ 3,501	\$ 3,066		

See Independent Auditor's Report

CITY OF ASHLAND, KANSAS

SPECIAL TRAFFICWAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Gasoline tax	\$ 22,469	\$ 22,094	\$ 23,470	\$ (1,376)
Expenditures:				
Contractual services	2,475	3,775	\$ -	\$ (3,775)
Commodities	21,515	22,212	29,500	7,288
Total expenditures	23,990	25,987	\$ 29,500	\$ 3,513
Receipts over (under) expenditures	(1,521)	(3,893)		
Unencumbered cash, beginning of year	8,299	6,778	\$ 6,319	\$ 459
Unencumbered cash, end of year	\$ 6,778	\$ 2,885	\$ 289	\$ 2,596

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CITY OF ASHLAND, KANSAS

SPECIAL PARKS AND RECREATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Local alcoholic liquor	\$ 881	\$ 788	\$ 919	\$ (131)
Expenditures:				
Culture and recreation:				
Commodities	-	-	\$ 3,000	\$ 3,000
Capital outlay	-	-	3,000	3,000
Total expenditures	-	-	\$ 6,000	\$ 6,000
Receipts over (under) expenditures	881	788		
Unencumbered cash, beginning of year	4,525	5,406	\$ 5,532	\$ (126)
Unencumbered cash, end of year	\$ 5,406	\$ 6,194	\$ 451	\$ 5,743

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CITY OF ASHLAND, KANSAS

SPECIAL EQUIPMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	<u>2011</u>	<u>2012</u>
Cash receipts:		
Transfer from electric utility	<u>\$ 10,000</u>	<u>\$ 10,000</u>
Expenditures:		
Commodities	14,225	25,936
Capital outlay	<u>-</u>	<u>1,470</u>
Total expenditures	<u>14,225</u>	<u>27,406</u>
Receipts over (under) expenditures	(4,225)	(17,406)
Unencumbered cash, beginning of year	<u>136,968</u>	<u>132,743</u>
Unencumbered cash, end of year	<u><u>\$ 132,743</u></u>	<u><u>\$ 115,337</u></u>

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CITY OF ASHLAND, KANSAS

CITY PARK IMPROVEMENT

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	<u>2011</u>	<u>2012</u>
Cash receipts:		
Donations	\$ 10,416	\$ 51,944
Expenditures:		
Capital outlay	<u>-</u>	<u>19,049</u>
Receipts over (under) expenditures	10,416	32,895
Unencumbered cash, beginning of year	<u>-</u>	<u>10,416</u>
Unencumbered cash, end of year	<u>\$ 10,416</u>	<u>\$ 43,311</u>

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CITY OF ASHLAND, KANSAS

GEORGE THEIS, JR. MEMORIAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	<u>2011</u>	<u>2012</u>
Cash receipts:		
Interest	\$ 1	\$ -
Expenditures:		
Administrative	<u>21</u>	<u>23</u>
Receipts over (under) expenditures	(20)	(23)
Unencumbered cash, beginning of year	<u>793</u>	<u>773</u>
Unencumbered cash, end of year	<u>\$ 773</u>	<u>\$ 750</u>

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CITY OF ASHLAND, KANSAS

WATER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Customer charges	\$ 228,274	\$ 225,268	\$ 170,000	\$ 55,268
Use of money and property	3,137	1,306	-	1,306
Total cash receipts	231,411	226,574	\$ 170,000	\$ 56,574
Expenditures:				
Production	30,969	25,293	\$ 50,000	\$ 24,707
Transmission and distribution	63,913	26,708	40,000	13,292
General and administrative	38,817	40,254	60,000	19,746
Debt service	52,968	53,450	53,450	-
Transfer to water equipment reserve	30,000	50,000	20,000	(30,000)
Total expenditures	216,667	195,705	\$ 223,450	\$ 27,745
Receipts over (under) expenditures	14,744	30,869		
Unencumbered cash, beginning of year	124,241	138,985	\$ 94,272	\$ 44,713
Unencumbered cash, end of year	\$ 138,985	\$ 169,854	\$ 40,822	\$ 129,032

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CITY OF ASHLAND, KANSAS

ELECTRIC UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

		2012		Variance
	2011	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Customer charges	\$ 1,420,848	\$ 1,258,898	\$ 1,500,000	\$ (241,102)
Use of money and property	1,044	-	-	-
Other	154	286	-	286
Total cash receipts	1,422,046	1,259,184	\$ 1,500,000	\$ (240,816)
Expenditures:				
Production	1,070,575	926,213	\$ 1,100,000	\$ 173,787
Transmission and distribution	92,090	71,329	90,000	18,671
General and administrative	71,870	102,405	125,000	22,595
Capital outlay	-	-	200,000	200,000
Transfer to general	107,500	130,000	135,000	5,000
Transfer to water equipment reserve	100,000	30,000	30,000	-
Transfer to special equipment	10,000	10,000	10,000	-
Total expenditures	1,452,035	1,269,947	\$ 1,690,000	\$ 420,053
Receipts over (under) expenditures	(29,989)	(10,763)		
Unencumbered cash, beginning of year	545,757	515,768	\$ 373,756	\$ 142,012
Unencumbered cash, end of year	\$ 515,768	\$ 505,005	\$ 183,756	\$ 321,249

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CITY OF ASHLAND, KANSAS

SEWER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

		2012		Variance
	2011	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Customer charges	\$ 86,423	\$ 86,480	\$ 87,500	\$ (1,020)
Use of money and property	3,119	3,003	3,000	3
Other	240	-	-	-
Total cash receipts	89,782	89,483	\$ 90,500	\$ (1,017)
Expenditures:				
Production	17,553	37,993	\$ 22,000	\$ (15,993)
Transmission and distribution	8,158	15,710	8,000	(7,710)
General and administrative	6,308	10,906	4,800	(6,106)
Capital outlay	-	-	30,000	30,000
Debt service	44,858	44,858	45,032	174
Total expenditures	76,877	109,467	\$ 109,832	\$ 365
Receipts over (under) expenditures	12,905	(19,984)		
Unencumbered cash, beginning of year	50,725	63,630	\$ 31,993	\$ 31,637
Unencumbered cash, end of year	\$ 63,630	\$ 43,646	\$ 12,661	\$ 30,985

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CITY OF ASHLAND, KANSAS

WATER EQUIPMENT RESERVE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	<u>2011</u>	<u>2012</u>
Cash receipts:		
General obligation bond proceeds	\$ 248,650	\$ -
Transfer from water utility	30,000	50,000
Transfer from electric utility	<u>100,000</u>	<u>30,000</u>
Total cash receipts	378,650	80,000
Expenditures:		
Capital improvements	<u>493,551</u>	<u>-</u>
Receipts over (under) expenditures	(114,901)	80,000
Unencumbered cash, beginning of year	<u>126,542</u>	<u>11,641</u>
Unencumbered cash, end of year	<u><u>\$ 11,641</u></u>	<u><u>\$ 91,641</u></u>

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CITY OF ASHLAND, KANSAS

ELECTRIC RESERVE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	<u>2011</u>	<u>2012</u>
Cash receipts:		
Transfer from electric utility	\$ -	\$ -
Expenditures:		
Capital improvements	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	-	-
Unencumbered cash, beginning of year	<u>223,000</u>	<u>223,000</u>
Unencumbered cash, end of year	<u>\$ 223,000</u>	<u>\$ 223,000</u>

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CITY OF ASHLAND, KANSAS

AGENCY FUNDS
SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS

For the Year Ended December 31, 2012

<u>Fund</u>	<u>Beginning cash balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending cash balance</u>
Sanitation fund	\$ -	\$ 92,376	\$ 92,376	\$ -
Customer deposits fund	18,100	12,440	6,490	24,050
City sales tax	-	101,632	101,632	-
	<u>\$ 18,100</u>	<u>\$ 206,448</u>	<u>\$ 200,498</u>	<u>\$ 24,050</u>

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